

HOUSE BILL 3424

By Sexton

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 82, relative to utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-704(a)(1), is amended by deleting the subsection in its entirety and substituting instead the following language

(1) When a utility district is financially distressed or is financially unable to expand the amount or type of service or services as set forth and described in its petition for creation pursuant to § 7-82-201, the utility management review board may consider the consolidation of the utility district with another utility district or districts, municipal utility system, county utility system or public utility subject to the jurisdiction of the Tennessee regulatory authority under § 65-4-104 to restore financial stability and to ensure continued operations for the benefit of the public being served by the utility district. The utility management review board may initiate and participate in negotiations among the utility district, any other utility district, municipal utility system, county utility system or public utility subject to the jurisdiction of the Tennessee regulatory authority under § 65-4-104 with whom the utility district may consolidate and any other affected parties concerning a consolidation. In the event the utility management review board determines that such a consolidation is in the best interest of the public being served by the utility district and the utility management review board is able to negotiate an agreement among all affected parties for the consolidation, the utility management review board shall enter an order approving the consolidation agreement and shall require the utility district to enter into the consolidation agreement. If the utility management review board determines that the utility district, any other utility district,

municipal utility system, county utility system or public utility subject to the jurisdiction of the Tennessee regulatory authority under § 65-4-104 with whom the utility district may consolidate, or any other affected party, has refused or failed to enter into good faith negotiations on a consolidation, then the utility management review board shall petition the chancery court in a jurisdiction in which the utility district is operating to require the party or parties to engage in good faith negotiations concerning a consolidation.

SECTION 2. Tennessee Code Annotated, Section 7-82-704(a), is amended by adding the following as a new appropriated designated subsection:

(3) Any agreement for consolidation with a public utility subject to the jurisdiction of the Tennessee regulatory authority under § 65-4-104 shall be subject to the approval of the Tennessee regulatory authority.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.